

Message Text

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ORIGIN NEA-12

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 AGR-20 L-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 IGA-02 PA-03 PRS-01 USIA-15 H-03 DRC-01

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TO AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: EAID, PK

SUBJECT: MINISTER PIRZADA'S MEETING AT DEPARTMENT OF
AGRICULTURE

REF: 194051

SUMMARY: PAKISTANIS REQUESTED ONE MILLION TONS WHEAT AND
WERE TOLD NONE WAS AVAILABLE UNDER PL 480. POSSIBLE SALES
COARSE GRAIN AND VEGOIL DISCUSSED, AND AVAILABILITY WILL
BE KNOWN IN FEW WEEKS.

1. PIRZADA AND KAZI ALONG WITH AMBASSADOR SULTAN KHAN
CALLED ON AGRICULTURE ASSISTANT SECRETARY BRUNTHAVER AND
OTHER AG OFFICIALS SEPTEMBER 27 PRIOR TO THEIR MEETING
WITH MAURICE WILLIAMS AT AID OFFICES. WHEAT, VEGOIL, SEED
AND COARSE GRAIN WERE DISCUSSED.

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2. WHEAT. PIRZADA SAID PAKISTAN MUST IMPORT ONE MILLION TONS WHEAT THIS YEAR. BECAUSE OF FLOODS, IMPORTATIONS ARE ESSENTIAL. "OUR SITUATION IS NOT SERIOUS, IT'S DISASTROUS." FLOOD LOSSES WERE ONE MILLION TONS, PRICES ARE SPIRALING, COMMON MAN IS LOSER, ACCORDING TO PIRZADA. HE CONCEDED THAT GOVERNMENT STOCKS WERE NOT HEAVILY DAMAGED BY FLOOD BUT PRIVATE STOCK LOSSES WERE IMMENSE. AGRICULTURE OFFICIALS REFERRED TO THEIR JULY MEETING WITH CHARGE SOBER WHEN AVAILABILITY PREDICTIONS WERE GLOOMY AND SAID SITUATION

HAS SINCE DETERIORATED. MANY OTHER COUNTRIES, FORMER RECIPIENTS OF CONCESSIONAL SALES, WERE NOT PARTICIPATING AT ALL THIS YEAR.

3. PIRZADA QUERIED WHETHER PROBLEM "AVAILABILITY OR FINANCING". HE NOTED THAT THERE IS A GREAT DEAL OF BUYING AND SELLING OF WHEAT AND "THERE SEEMS TO BE LOTS OF WHEAT AROUND". BRUNTHAVER LISTED PL 480 CONDITIONS AND RESTRAINTS AND SAID PLEDGE OF 100,000 TONS MADE AUGUST 29 AND OTHER PL 480 AVAILABILITY POSSIBLE ONLY BY USING MAXIMUM FLEXIBILITY IN LEGAL CRITERIA, PARTICULARLY IN CARRYOVER STOCKS. HE NOTED, "WE ARE THE ONLY PRODUCING COUNTRY NOT RESERVING PORTION OF WHEAT CROP FOR OWN PEOPLE. OUR WHEAT IS AVAILABLE TO ANYONE IN INTERNATIONAL MARKET."

4. PIRZADA AGAIN ASKED REVIEW OF WHEAT SITUATION POINTING OUT FLOODS CAUSED PAKISTAN \$800 MILLION IN LOSSES. "IF WE PROCEED ON ASSUMPTION WE CAN'T GET WHEAT FROM YOU, WE CAN BUY IT ON MARKET. IF WE COULD HAVE YOUR AUTHORIZATION TO LOOK FOR WHEAT... WHAT CAN WE DO?" AGRICULTURE OFFICIALS ADVISED BUYING COMMERCIALY. WHEN ASKED ABOUT FEEDING POPULACE INDIGENOUS RICE, PIRZADA SAID THIS IS NOT FEASIBLE BECAUSE A) AGAINST PAKISTAN TRADITION, B) CANNOT BE MIXED WITH WHEAT AND C) PAKISTAN MUST EXPORT RICE FOR VITAL FOREIGN EXCHANGE. PAKISTAN COULD PROCURE AS MUCH AS 300,000 TONS WHEAT COMMERCIALY BUT THIS WOULD CAUSE WRENCH IN ECONOMY; 500,000 TONS MUST COME FROM ASSISTANCE SOURCES.

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5. VEGOIL. PIRZADA REQUESTED 100,000 TONS OIL SAYING THIS ASSISTANCE WOULD FREE PAKISTANI RESOURCES FOR PURCHASES OTHER COMMODITIES WORLD MARKET. AGRICULTURE OFFICIALS STATED NO AVAILABILITY YET DETERMINED BUT THEY ANTICIPATE, WHEN AVAILABILITY ASCERTAINED 100,000 TONS FOR WORLD CONCESSIONAL SALES AND POSSIBILITY PAKISTAN WILL GET AS MUCH AS 40 PERCENT THIS ALLOCATION.

AGRICULTURE DECISION ON OIL WILL BE MADE OCTOBER 2 AND PL 480 INTERAGENCY STAFF COMMITTEE WILL BE TO MAKE COUNTRY ALLOCATION. AGRICULTURE OFFICIALS URGED OIL DELIVERIES BE SPREAD OUT OVER REST OF FY 74.

6. COARSE GRAIN. AGRICULTURE OFFICIALS STATED THEY ARE "FOCUSING ON PROBLEM" AND EXPECTED ANSWER, DEPENDING ON AVAILABILITY, WITHIN "FEW WEEKS". PIRZADA URGED EARLY ANNOUNCEMENT AND DELIVERY SO THAT MAXIMUM AMOUNT CAN BE MIXED WITH WHEAT.

7. EXTENT OF DAMAGE. BRUNTHAVER INQUIRED ABOUT OUR KNOWLEDGE OF LOSSES. AGRICULTURE OFFICIALS STATED THEY BELIEVE EMBASSY REPORTING WAS GOOD AND PARTICULARLY CITED MAURICE WILLIAMS REPORT. BRUNTHAVER EXPRESSED SATISFACTION THAT COTTON AREA DAMAGED LESS THAN ORIGINALLY REPORTED. PIRZADA ACKNOWLEDGED THIS BUT EXPRESSED UNCERTAINTY ON HOW MUCH FLOOD MAY HAVE AFFECTED COTTON YIELDS. KISSINGER

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